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CIA Disregarded Contras Aid Clues

Agents Detected Evidence of Iran Money Pipeline

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WASHINGTON—The CIA detected evidence of the secret network that funneled profits from arms sales to Iran into supplies for Nicaraguan rebels, but it did not fully investigate the money pipeline, Administration officials said Wednesday.

The CIA's operatives were restrained from pursuing the issue for two reasons, said the officials, who declined to be identified: It would have violated restrictions against probing the activities of U.S. citizens, and there was little enthusiasm within the CIA for investigating a private aid effort that President Reagan had openly encouraged.

"Everybody knew something was going on at Ilopango," the Salvadoran air base from which the contras' supply system operated, one knowledgeable official said. "But nobody wanted to find out what it was."

Atty. Gen. Edwin Meese III on Tuesday said the CIA was not aware that money skimmed from the arms sales to Iran was being used to buy supplies for the contras. "To the best of our knowledge . . . no one in the CIA knew about it," Meese said.

The CIA did act as the U.S. government's agent in transferring weapons to Iran and in receiving payment for the arms shipments this year, Meese said. Other officials said the CIA helped arrange transportation for some of the shipments from the United States through Israel to Iran.

The CIA also participated in one secret shipment of arms to Iran in November, 1985, two months before Reagan formally approved any weapons sales to the Tehran regime, officials said.

However, the agency apparently did not have any role in the first U.S.-sponsored shipment of weapons to the Tehran regime in August, 1985, they said. That shipment, carried out by Israel, has become a focus of inquiries because Meese has been unable to find anyone who authorized it, while Israel's government insists that the White House approved it.

CIA officials told the Senate Intelligence Committee that the agency shipped what turned out to be Hawk anti-aircraft missiles and TOW anti-tank missiles from Israel to Iran in November, 1985, but they contended that the agency at the time did not know that the shipment included weapons, several sources said.

"They were under the understanding at the time that it was not arms being shipped—it was oil-drilling parts," Sen. Dave Durenberger (R-Minn.), chairman of the committee, said in an interview with WEBC radio in Duluth, Minn.

Officials said that at least part of the shipment was pulled back by the CIA and that the weapons were later returned to Israel instead of being forwarded to Iran. Meese indicated that the shipment was authorized by someone on the White House staff, but he added that the President did not know about the action until some three months later.

In Central America, the CIA learned about the contras' new weapons and airplanes by monitoring the rebels' operations in El Salvador and Honduras, officials said. The new supply operation, which officials said was organized by retired Air Force Maj. Gen. Richard V. Secord, began supplying the contras with cargo planes and crews in 1985 and expanded quickly in 1986.

The CIA did order its operatives in Central America to keep an eye on the contras' new supply line, knowledgeable sources said, but it warned them to observe the legal prohibition against agency surveillance of Americans abroad.

"The CIA was not specifically ordered to stay away" from examining the supply operation, an Administration official said, but the agency's inquiries apparently failed to lead to the source of the funds: the Iranian arms deals, in which another branch of the CIA was involved, the officials said.

Contras leaders and U.S. officials also said that, contrary to Meese's account, the rebels received only supplies from the secret operation, not cash.

On Tuesday, Meese said the money skimmed from the arms sales—estimated at $10 million to $30 million—went into Swiss bank accounts "under the control of [contras] representatives."

But a senior Administration official involved in the contra program said Wednesday: "As far as we know, they certainly weren't getting the money. They were receiving supplies."

Top contras leaders, at a news conference in Miami, also hotly denied Meese's version.

"It's wrong," said Adolfo Calero, chief of the largest contras faction, the Nicaraguan Democratic Force.

"We have never had access to a Swiss bank account," said Alfonso Robelo, another rebel chieftain.

But Calero did acknowledge that funds from an unknown source paid for air-supply drops made to the contras during the last several months.

"I do not know, however, where the money came from to pay for those services," he said. "I refer especially to the air drops."

Asked if money from the Iran arms deal could have paid for the supply flights, he said: "Well, I do not speculate."

However, other contras sources said their supply operation was funded by the Swiss bank accounts that North allegedly helped set up as part of the arms deal.

The contras sources said Calero did know that the operation was run by Secord using funds from donors in the Middle East, including Saudi Arabia.

He said the supply operation ended in October, when Nicaraguan troops shot down a C-123 cargo plane, killing three crewmen and capturing a fourth, American Eugene Hasenfus.

Asked about North, Calero said: "Col. North had arranged for us . . . meetings with the President, meetings with the vice president, meetings which were largely ceremonial."

Times staff writer William Long contributed to this story.

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